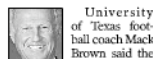


in minnesota

Ask searching questions and you'll discover good workers

• You must know your employees well enough to understand what motivates them.

OUTSWINGING THE SHARKS
HARVEY MACKAY



University of Texas football coach Mack Brown said the No. 1 reason his team won the 2005-06 national football championship was that, for the first time in his life, he started learning more about his players' what music they listened to, the publications they read and so forth.

This helped him to better communicate and get along with his players.

I've always felt that Mackay Envelope Co. should have a firm grip on employees' attitudes and concerns. I created the Mackay 33 for Managers to get our managers in touch with the people they manage. (The Mackay 33 is available free at www.harveymackay.com.)

The questionnaire examines the employee individually, in relation to the people around him or her and in relation to his or her goals.

• Personal profile: What are their interests, strengths/skills, attitudes toward education/management? What motivates them? How do they accept criticism?

• Self-awareness and relationships: Do they know their strengths/weaknesses and relationship to other workers? Are they team players, role models, a spokesperson?

• Goals and aspirations: Where do they want to be in five years? In 10? How realistic are the goals? What are they doing to achieve them? How can we help? Do their goals match the company's?

Once we analyze the information, we have a pretty good handle on how to motivate.

Managers learn something beyond how to evaluate their people. The questions are a means for communicating our standards, to teach managers that they must focus on people in an objective, fair, reasonable way. The questions are designed to help managers avoid bias.

The first person on whom managers should complete the report is themselves. If their self-perception is unrealistic, how reliable are their perceptions of others?

Mackay 33 reports often reveal more about the people who wrote them than the people they're writing about. If all of the people a manager describes seem "insecure and concerned about their future," it might suggest a manager who makes them feel that way.

Do you have interdepartmental friction? Have the managers fill out questionnaires on someone else's people. If the managers of production and accounting seem to regard everyone in marketing as "arrogant and abusive," maybe the marketing manager needs training help.

Is there a fuzzy understanding of company goals? That indicates that the CEO has done a poor job of communicating those goals.

Don't limit the use of negative intelligence. We try to positively recognize as many employees as possible and employees should know that.

Mackay's Moral: People don't care how much you know about them if they realize how much you care about them.

Harvey Mackay is a Minneapolis businessman and author. Call his message line at the Star Tribune at 612-471-9631 or send e-mail to harveym@mackay.com. His column is distributed by United Feature Syndicate.

Possis drops guidance again; stock dips near 52-week low

• The medical device maker cited personnel turnover during the quarter, which led to "sales execution issues."

By CYNTHIA KOONS
Dow Jones News Service

Possis Medical Inc. shares fell 8 percent, to near their 52-week low, on Wednesday after the medical device maker reported a weaker-than-expected third quarter and cut its full-year guidance for a second time.

The Coon Rapids company swung to a third-quarter loss of \$278,000, or 2 cents a share, from a year-earlier profit of \$1 million, or 6 cents a share. Excluding items, Possis had adjusted income of \$342,000, or 3 cents per share. Sales edged up to \$15.2 million, from \$15.1 million a year ago.

Possis had expected adjusted third-quarter income of 2 cents to 4 cents a share on sales of \$15.5 million to \$16 million. Analysts polled by Thomson First Call, on average, had forecast earnings of 9 cents a share on sales of \$15.9 million.

Possis said it was "disappointed" at not meeting its sales target and cited the departure of some field employees, which led to "sales execution issues" in the quarter.

"We are now encouraged that our team is fully staffed and trained, and that we are experiencing more typical

turnover levels," Possis CEO Robert Dutcher said in a prepared statement.

Hariuh Aiyar, an analyst at Dawson James Securities, said: "The sales force turnover is not a new issue. The company's been trying to deal with it for the past year... The one thing that they're fighting, the endovascular space in general, you have other companies on a hiring spree."

For the fiscal year ending July 31, Possis now projects net sales of \$62 million to \$63 million, down from its previously lowered guidance of \$63 million to \$66 million. It expects net income of 2 to 5 cents a share, down from its earlier forecast of 10 to 15 cents per share, and adjusted per-share earnings of 20 to 23 cents, down from the earlier 28 to 34 cents.

Analysts expect earnings of 31 cents a share on sales of \$63.6 million.

The company also forecast fourth-quarter net income of breakeven to 3 cents a share. Adjusted to exclude stock-based compensation, it expects earnings of 5 to 8 cents a share, below Wall Street's expectation for earnings of 11 cents a share.

"It's another reduction in

guidance, which has been regular over the last several quarters," Aiyar said. "On top of that, even with an increase in sales, it looks like they've pulled in their horns a little bit on the bottom line."

Possis stock fell 77 cents Wednesday, or 8.1 percent, to close at \$8.76. The stock's 52-week low is \$8.03, set in February.

"There is no real Street confidence in management right now," said Ernest Anderson, an analyst with Felt & Co., which makes a market in Possis stock. "It's reacting like this is just another in a long string of disappointing quarters; it's not trading like it's a company that's highly valued and they missed and lowered guidance. This has been going on, and so when they miss again, it's ho-hum."

3RD QUARTER FY2006, 4/30

| | 2006 | 2005 | % chg. |
|------------|------------|------------|--------|
| Revenue | \$15,224.8 | \$15,102.0 | +0.8 |
| Extra* | -18.0 | 8.0 | - |
| Income | -277.6 | 1,815.8 | - |
| Net/Am | -295.6 | 1,024.8 | - |
| Earn/Share | -0.02 | 0.06 | - |

9 MONTHS

| | 2006 | 2005 | % chg. |
|------------|------------|------------|--------|
| Revenue | \$46,820.5 | \$48,772.8 | -4 |
| Extra* | -98.0 | 4.0 | - |
| Income | 328.6 | 4,877.8 | -93.2 |
| Net/Am | 231.6 | 4,881.9 | -95.2 |
| Earn/Share | 0.02 | 0.20 | -92.3 |

*Extra in thousands except for earnings per share.
*Extra is unrelated gain or securities.

Donaldson profit jumps 18%

Despite high petroleum and freight costs, filtration expert Donaldson Co. posted an 18 percent jump in third-quarter fiscal earnings, to \$37 million, or 43 cents a share, 2 cents better than analysts' estimates.

Backlog orders grew 19 percent during the quarter and sales rose 4 percent, to \$430 million.

"The highlight of our third quarter was our strong operating margin performance of 12.4 percent, which we achieved despite continued... cost increases," CEO Bill Cook said.

The Bloomington-based maker of truck mufflers, en-

gine products and industrial filtration systems saw increases in sales at all divisions except for gas turbine products, which fell 7 percent.

Donaldson repurchased 745,000 shares for \$5 million during the quarter.

DEE DePASS
3RD QUARTER FY2006, 4/30

| | 2006 | 2005 | % chg. |
|------------|---------|---------|--------|
| Revenue | \$429.3 | \$411.7 | +4.4 |
| Income | 37.0 | 31.3 | +18.1 |
| Earn/Share | 0.43 | 0.36 | +18.4 |

9 MONTHS

| | 2006 | 2005 | % chg. |
|------------|-----------|-----------|--------|
| Revenue | \$1,256.2 | \$1,173.0 | +4.5 |
| Income | 96.1 | 85.4 | +12.5 |
| Earn/Share | 1.22 | 0.88 | +14.8 |

Figures in millions except for earnings per share.

figuratively speaking

70 Percentage of women who feel that male bosses treat them better than female bosses.

65 Percentage of women over 50 who admit they'd prefer to mentor women in their 20s instead of women in their late 30s or

Source: Marymount Manhattan College

company roundup

PERSONNEL
Carlson Marketing appointed Steve Freshman vice president of its Atlanta region.

DEBT AND EQUITIES
Best Buy Co. Inc., Richfield, said in a regulatory filing that its board has approved an award of 126,000 shares of restricted stock to CEO Bradbury Anderson. The shares would be valued at \$6.39 million based on the stock's Wednesday closing price of \$51.11 a share. President Brian Dunn was awarded 85,468 shares of restricted stock, valued at \$4.4 million, according to the filing.

Supervalu Inc., Eden Prairie, said it approved an increase in its annual dividend to 66 cents from 65 cents. The company also said a quarterly dividend rate of 16.5 cents per share is payable June 15 to shareholders of record May 31.

MTS Systems Corp., Eden Prairie, said it declared a regular quarterly dividend of 10 cents, payable July 3 to shareholders of record June 15.

earnings

BALLISTIC RECOVERY SYSTEMS INC.
(BRSI) Makes aviation safety products.

2ND QUARTER FY2006, 3/31

| | 2006 | 2005 | % chg. |
|------------|-----------|-----------|--------|
| Revenue | \$2,365.1 | \$2,116.1 | +11.9 |
| Income | -27.6 | 75.3 | - |
| Earn/Share | 0.00 | 0.01 | - |

6 MONTHS

| | 2006 | 2005 | % chg. |
|------------|-----------|-----------|--------|
| Revenue | \$4,272.9 | \$3,981.6 | +7.3 |
| Income | -61.3 | 127.2 | - |
| Earn/Share | -0.01 | 0.02 | - |

Figures in thousands except for earnings per share.

SYNOVIS LIFE TECHNOLOGIES INC.
(SYNO) Makes medical devices for the surgical and interventional treatment of disease.

2ND QUARTER FY2006, 4/30

| | 2006 | 2005 | % chg. |
|------------|--------|--------|--------|
| Revenue | \$14.9 | \$14.4 | +3.9 |
| Income | -6.5 | 0.0 | - |
| Earn/Share | -0.94 | 0.00 | - |

6 MONTHS

| | 2006 | 2005 | % chg. |
|------------|--------|--------|--------|
| Revenue | \$28.2 | \$27.8 | +1.5 |
| Income | -1.0 | 0.2 | - |
| Earn/Share | -0.09 | 0.02 | - |

Figures in millions except for earnings per share.

Andersen to buy N.J. window maker

By DEE DePASS
ddepass@startribune.com

Andersen Corp. said Wednesday that it has agreed to buy one of the nation's largest vinyl window makers, New Jersey-based Silver Line Building Products Corp. Terms were not disclosed.

The acquisition nearly doubles Andersen's size and gives it presence in the vinyl window and door market for the first time. Privately held Andersen, based in Bayport, has 9,000 employees and has been in business for 103 years.

Silver Line is also privately held, has 7,000 workers and has been in business since 1947. It has plants in New Jersey, Massachusetts, North Carolina, Georgia, Ohio, Texas and Illinois. The deal is expected to close June 30.

"We are very excited about this opportunity to expand our business," said Jim Humphrey, CEO of Andersen, the nation's biggest maker of wooden windows. "Vinyl windows serve a segment of the market that is growing rapidly. Adding this product line to the enterprise's portfolio will enable an

Andersen company to provide windows and doors for virtually any new construction or home improvement project in any area of the country."

Officials wouldn't disclose Silver Line's revenue. Andersen has about \$2.3 billion in annual sales.

Last May, Andersen announced the purchase of Eagle Window & Door, a maker of premium aluminum-clad windows with 900 employees in Dubuque, Iowa.

Dee DePass • 612-673-7725

Mesaba faces worker defections if pay cuts are granted

• MESABA FROM DI

"We had hoped to have labor concessions in place by April, and the fact that they're not in place yet is continuing to place pressure on our cash position," Mesaba spokeswoman Elizabeth Costello said Wednesday. "The airline declined to release a current cash balance figure."

Without outside financing, Mesaba said it could run out of cash by late August, Kishel noted in his ruling.

Mesaba, which had 100 planes in the fall of 2005, has lost one-fourth of its fleet and the pilots union said 22 Aro jets still in the fleet are scheduled to be removed by Northwest Airlines by year's end. A few days ago, the union notified Mesaba pilots that some Arocs will depart Mesaba starting in June and be flown to a carrier in Ireland that is a subsidiary of Air France.

Mesaba flies regional flights exclusively for Northwest and was essentially thrust into bankruptcy shortly after Northwest sought protection from its creditors in September. Last fall, Northwest stopped making flight service payments to Mesaba and notified the regional carrier that it would cut its fleet in half.

Northwest asked for proposals in December for new regional jets. Mesaba and seven other airlines submitted bids in January, but Northwest has not announced its decision.

Lacking a commitment from Northwest, Mesaba management presented its union negotiators with a business plan that is based on the airline operating only 49 Saab turboprops for Northwest.

In a letter to employees, Mesaba President John Spanjers indicated that he believes that the 49-plane business



Mesaba pilot Todd Germain carried his 6-month-old son, Henry, as he and his wife, Melissa, headed into Tuesday night's Twins game. Todd Germain said he might seek employment in another field rather than endure the pay cuts that Mesaba wants.

model also can't work without the wage cuts the company seeks. "If we cannot finalize the cost reductions, we cannot secure the core Saab business. If we cannot secure the core Saab business, we cannot compete for jets," he wrote last week.

The airline has been meeting with potential lenders and hopes to finalize debtor-in-possession (DIP) financing in 30 to 45 days, Costello said.

In his recent 98-page ruling that denied the airline's motion to void its labor contracts, Kishel noted that banks are likely to be hesitant to lend to Mesaba until labor terms are resolved. "A failure to reach resolution on labor cost issues might deter any prospective DIP lender from making a commitment" to

Mesaba, he wrote.

The unions have argued that Mesaba should develop alternative business models that its negotiators can review. And they've stressed that the new contracts should include rewards for employees if the carrier succeeds in expanding.

Ultimately, the judge could be Mesaba's trump card.

When he considered Mesaba's motion to nullify its contracts, the carried most of the criteria that judges must apply. However, it had not provided the unions with a key financial model needed to evaluate its concessionary requests.

In denying the company's request, the judge said that if Mesaba cannot

reach new deals he would permit management to "make a renewed motion which would be heard promptly." More important, Kishel wrote that Mesaba had provided sufficient evidence "that it will not survive as an operating airline if it does not get the total reduction of 19.4 percent."

Many employees don't seem to be persuaded, though, and said they are ready to vote with their feet.

Sarah and Jeril Metzger of Eagan might be hurt the worst if Mesaba imposes contract terms or goes out of business. Both are pilots, and their combined income was about \$89,000 last year. If Mesaba downsizes to 49 Saabs, Sarah would lose her job and Jeril would drop from captain to first officer. The couple's income from Mesaba would plummet by two-thirds.

"There's an amount of money that we are willing to work for, and an amount we are not willing to work for," Jeril Metzger said, adding he is ready to apply to other airlines. Sarah Metzger said she might leave aviation.

Todd Germain, a Saab captain from St. Paul, said he and many other employees are skeptical about the competence of Mesaba management.

His wife, Melissa, had been planning to be a stay-at-home mother for their son Henry, who was born two weeks after the Mesaba bankruptcy filing. But she quickly returned to work as a substitute English teacher. The couple have slashed expenses, and "saved as much money as we can," Todd said.

If the Mesaba standoff ends badly, Todd has a backup plan: He's thinking about teaching or law enforcement.

By DePass • 612-673-7708